

HUMAN SERVICES DEPARTMENT[441]**Adopted and Filed Emergency**

Pursuant to the authority of Iowa Code section 249A.4 and 2013 Iowa Acts, Senate File 446, section 12, the Department of Human Services amends Chapter 79, "Other Policies Relating to Providers of Medical and Remedial Care," Iowa Administrative Code.

These amendments change the reimbursement method for case management services under the Medicaid state plan, habilitation, home- and community-based services for individuals with a brain injury and for the elderly.

Case management is currently cost-based reimbursed. Since FY 2012 and annualized for FY 2013, the reimbursement has increased by 15.8 percent. Due to the requirement in legislation for cost containment strategies, the Department is limiting the administrative costs to 23 percent of direct service costs for FY 2014. During FY 2014, the Department will work with stakeholders to determine the rate methodology for FY 2015.

The Council on Human Services adopted these amendments on June 26, 2013.

Pursuant to Iowa Code section 17A.4(3), the Department finds that notice and public participation are impracticable because the Legislature provided a specific grant of emergency rule-making authority for this cost-saving measure.

Pursuant to Iowa Code section 17A.5(2)"b"(1), the Department further finds that the normal effective date of these amendments, 35 days after publication, should be waived and the amendments made effective July 1, 2013, because the amendments are in accordance with legislative intent for specific cost-saving measures.

These amendments are also published herein under Notice of Intended Action as **ARC 0839C** to allow for public comment.

These amendments do not provide for waiver in specified situations because requests for waiver of any rule may be submitted under the Department's general rule on exceptions at 441—1.8(17A,217).

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 249A.4.

These amendments became effective July 1, 2013.

The following amendments are adopted.

ITEM 1. Amend paragraph **79.1(1)"d"** as follows:

d. Fee for service with cost settlement. Providers of case management services shall be reimbursed on the basis of a payment rate for a 15-minute unit of service based on reasonable and proper costs for service provision. The fee will be determined by the department with advice and consultation from the appropriate professional group and will reflect the amount of resources involved in service provision.

(1) Providers are reimbursed throughout each fiscal year on the basis of a projected unit rate for each participating provider. The projected rate is based on reasonable and proper costs of operation, pursuant to federally accepted reimbursement principles (generally Medicare or OMB A-87 principles).

(2) Payments are subject to annual retrospective cost settlement based on submission of actual costs of operation and service utilization data by the provider on Form 470-0664, Financial and Statistical Report. The cost settlement represents the difference between the amount received by the provider during the year for covered services and the amount supported by the actual costs of doing business, determined in accordance with an accepted method of cost appointment.

(3) The methodology for determining the reasonable and proper cost for service provision assumes the following:

1. The indirect administrative costs shall be limited to ~~20~~ 23 percent of other costs. Other costs include: professional staff – direct salaries, other – direct salaries, benefits and payroll taxes associated with direct salaries, mileage and auto rental, agency vehicle expense, automobile insurance, and other related transportation.

2. Mileage shall be reimbursed at a rate no greater than the state employee rate.

3. The rates a provider may charge are subject to limits established at 79.1(2).
4. Costs of operation shall include only those costs that pertain to the provision of services which are authorized under rule 441—90.3(249A).

ITEM 2. Amend subrule **79.1(2)**, provider category “HCBS waiver services,” paragraph “17,” as follows:

Provider category	Basis of reimbursement	Upper limit
17. Case management	Fee schedule <u>for service with</u> cost settlement. See 79.1(1) “d.”	For brain injury waiver and <u>elderly waivers</u> : Retrospective cost-settled rate. For elderly waiver: Quarterly revision of reimbursement rate as necessary to maintain projected expenditures within the amounts budgeted under the appropriations made for the medical assistance program for the fiscal year.

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EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 7/24/13.